Business and Financial Highlights
Nine Months Ended December 31, 2013

Shinsei Bank, Limited

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SHINSEI BANK

3Q FY2013 Results: Key Points

1

Impact of additional grey zone reserves resulted in lower year-on-year net income, while FY2013 net income forecasts also revised down

- 3Q FY2013 Consolidated Net Income (Nine Months): JPY27.7 billion (Cash Basis: JPY34.2 billion)
- Consolidated Net Income Forecast: JPY48.0 billion ⇒ JPY37.0 billion
  (Cash Basis: JPY56.0 billion ⇒ JPY45.0 billion)
- Continue to allocate management resources to focus areas to grow assets and expand revenues

2

JPY13.6 billion of grey zone reserves added at SHINKI and Shinsei Financial to cover future grey zone liability

- Recalculated necessary grey zone reserves based upon recent grey zone interest repayment trends
- Made additional reserves at SHINKI of JPY12.8 billion and JPY0.7 billion at Shinsei Financial

3

Disposal of NPLs progressed, and improvement in credit quality of loans contributed to decline in credit costs

- NPL balance reduced by JPY51.2 billion from March 31, 2013 and NPL ratio has dropped to 4.49%
- Net credit costs of JPY0.6 billion recorded in 3Q FY2013, a further decline from JPY4.8 billion recorded in the same period last fiscal year due to reversal of reserves for loan losses on the sale of NPLs and improvement in the credit quality of loans

Achievements in FY2013, Challenges and Future Measures

	Achievements	Challenges and Future Measures
Institutional Group	■ Established presence and steadily developed newly initiated domestic renewal energy business and project finance business including overseas PFI ■ Strengthened flexibility and expertise of principal transactions business by reorganizing and establishing the Shinsei PI Group ■ Increased number of new client companies in the area of corporate business ■ Improved asset quality and profitability due to significant progress of disposing NPLs ahead of schedule	■ Strengthen strategic initiatives for key customers that include the provision of management solutions to entrepreneurs and companies in rehabilitation phase; and expand the customer and earnings bases ■ Commence the development and provision of new schemes for the region of focus in order to support the overseas business development of customers ■ Step up participation in high quality projects domestically and overseas to accumulate assets in the real estate and project finance businesses ■ Strengthen capability for corporate restructuring considering the post Financial Facilitation Act business environment, focus on providing solutions to major corporations, and enhance investment value by strengthening growth support for IPO invested companies at the Shinsei PI Group
Global Markets Group	■ Expanded business alliances and deepened relationships between the Shinsei Bank Group and local financial institutions ■ Expanded business with medium-sized companies by leveraging foreign exchange risk hedging transactions	■ Further strengthen/deepen business alliances with regional financial institutions ■ Further enhance and expand distribution capability in order to meet the fund management needs of domestic financial institutions ■ Further strengthen derivative transactions for customers to deal with concerns about rising interest rates and foreign exchange fluctuations by increasing the number of product managers and sales staff in the Osaka region ■ Strengthen capability to provide investment products such as investment trusts that anticipate changes in the market
Individual Group	■ Increased ATM network and alliances in order to expand customer base ■ Expanded housing loan product offerings ■ Increased unsecured personal loan balance ■ Increased credit card revolving credit transaction volume	■ Increase number of core customers and cross-selling opportunities by improving convenience of customers by increasing cooperation among group companies ■ Expand real estate developer channel and develop products and services that meet customers' needs to deal with increased competition in mortgages and declining refinancing demand ■ Strengthen marketing of unsecured personal loan products to Shinsei's bank customers ■ Increase the transaction volume of credit cards leveraging T-Point functions, auto loans and settlement products ■ Capture personal financing needs in Asian market

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3Q FY2013 Results: Financial Summary

(JPY billion)

- Impact of additional grey zone reserves resulted in lower year-on-year net income, while FY2013 net income forecasts also revised down
- Continue to allocate management resources to focus areas to grow assets and expand revenues

【Consolidated】	Q3 FY2012 (9 months)	Q3 FY2013 (9 months)	FY2013 Full-Year Forecast
Revenue	150.3	152.1	
Net Interest Income	84.2	82.5	
Non-Interest Income	66.0	69.5	
Expenses	95.6	99.4	
Ordinary Business Profit	54.6	52.6	
Net Credit Costs	4.8	0.6	
Provision for Reserve for Losses on Interest Repayment	-	13.6	
Net Income	37.8	27.7	37.0
Cash Basis Net Income[1]	44.9	34.2	45.0
【Non-Consolidated】			
Net Business Profit	21.0	16.9	26.0
Net Income	17.9	21.8	34.0

[1] Cash basis net income is calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit

FY2013 Consolidated Net Income Forecast

- **Consolidated Net Income Forecast:** JPY48.0 billion→JPY37.0 billion
- **Cash Basis Net Income Forecast:** JPY56.0 billion→JPY45.0 billion
- **Reason:** Revised consolidated net income forecasts after recalculating necessary grey zone reserves totaling JPY13.6 billion at SHINKI and Shinsei Financial based upon recent grey zone interest repayment trends to cover future grey zone liabilities

FY2013 Non-Consolidated Net Income and Dividend Forecasts

- Non-consolidated net business profit forecast: JPY36.2 billion → JPY26.0 billion
- Full year non-consolidated net income forecast: JPY26.0 billion → JPY34.0 billion
- No change to fiscal year end dividend forecast of JPY1.00

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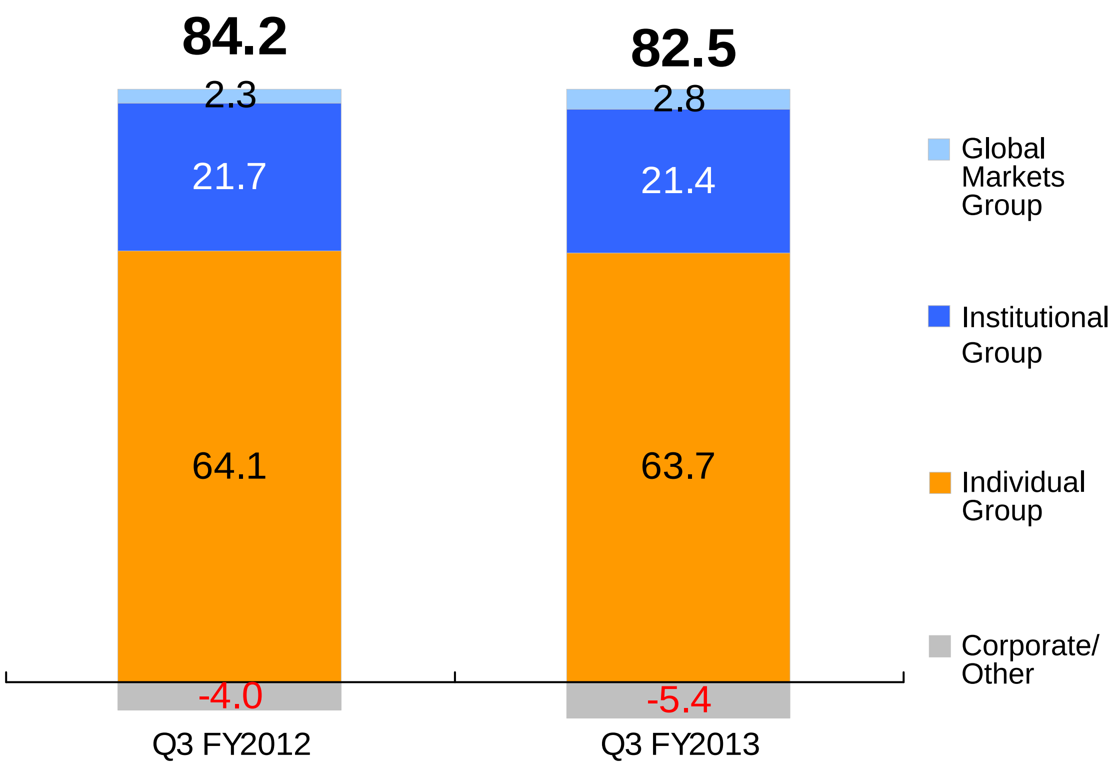
Financial Results: Revenue (Interest Income/Non-Interest Income)

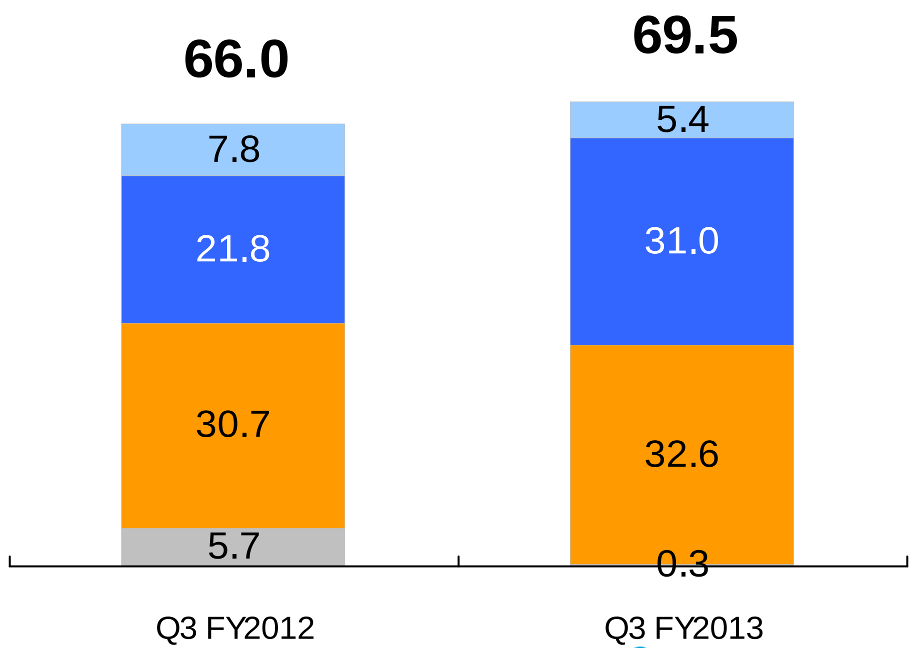
(Consolidated, JPY billion)

- Net interest income decreased from JPY84.2 billion in 3Q FY2012 to JPY82.5 billion in 3Q FY2013 due to the sluggish growth of assets
- Non-interest income increased from JPY66.0 billion in 3Q FY2012 to JPY69.5 billion in 3Q FY2013 due to factors such as an increase in fee income on the sale of investment products in Retail Banking, and gains on the sale of equities by the Institutional Group

Net Interest Income



Non-Interest Income



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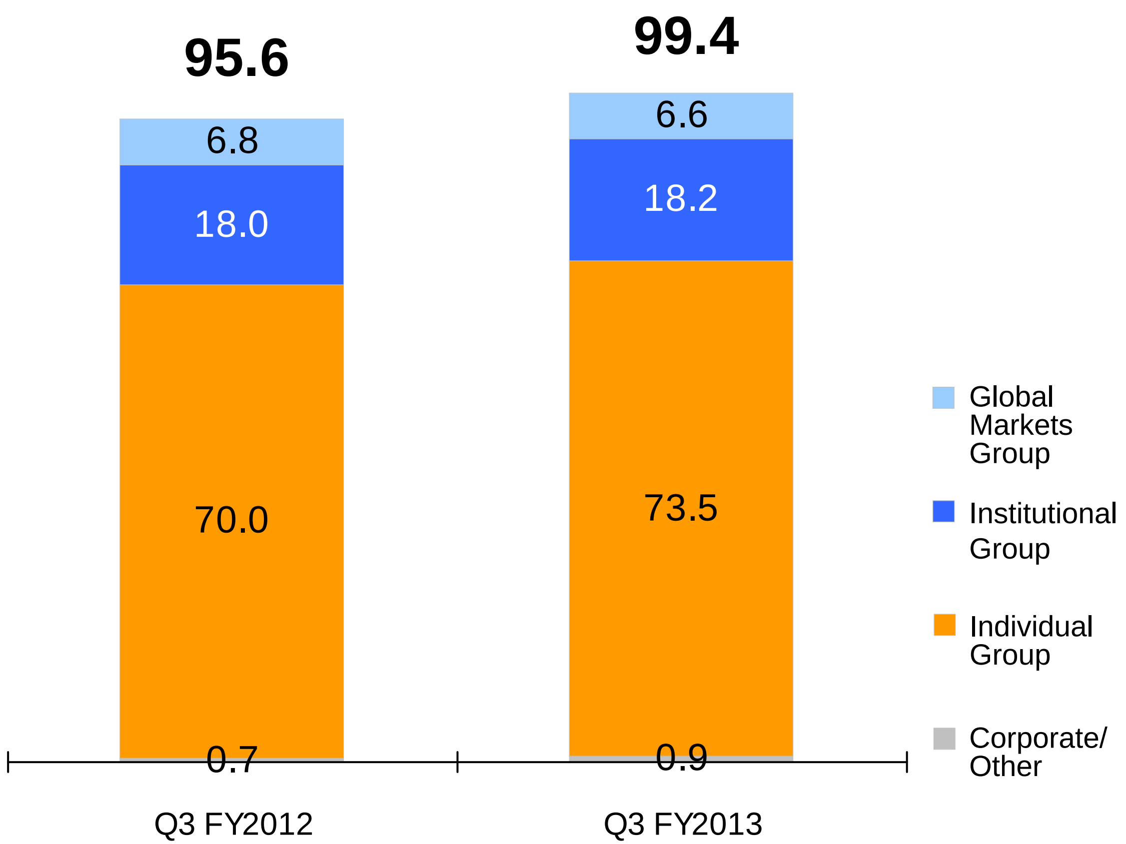
Financial Results: Expenses, Net Credit Costs and OBP after Net Credit Costs

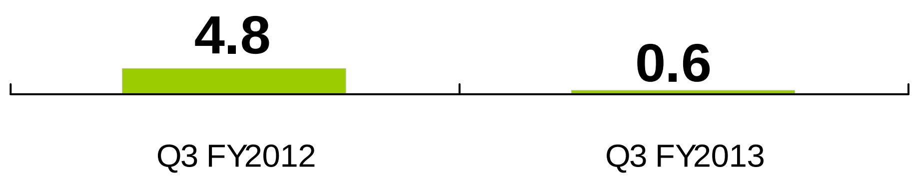
(Consolidated, JPY billion)

- Expenses rose to JPY99.4 billion in 3Q FY2013 due to continued investment of management resources in focus areas compared to JPY95.6 billion recorded in 3Q FY2012
- Net credit costs of JPY0.6 billion recorded in 3Q FY2013, a further decline compared to JPY4.8 billion recorded in 3Q FY2012 due to reversal of reserves for loan losses on the sale of NPLs and improvement in the credit quality of loans

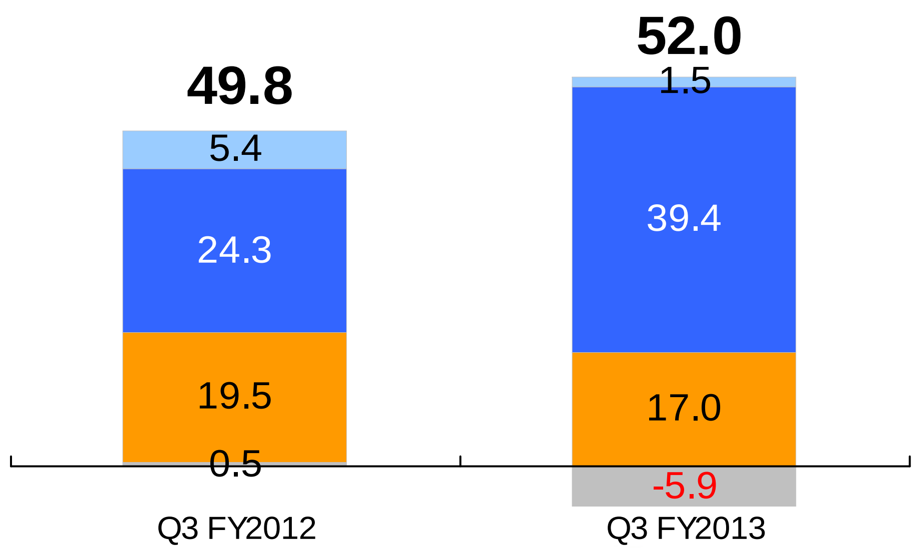
Expenses



Net Credit Costs



Ordinary Business Profit after Net Credit Costs

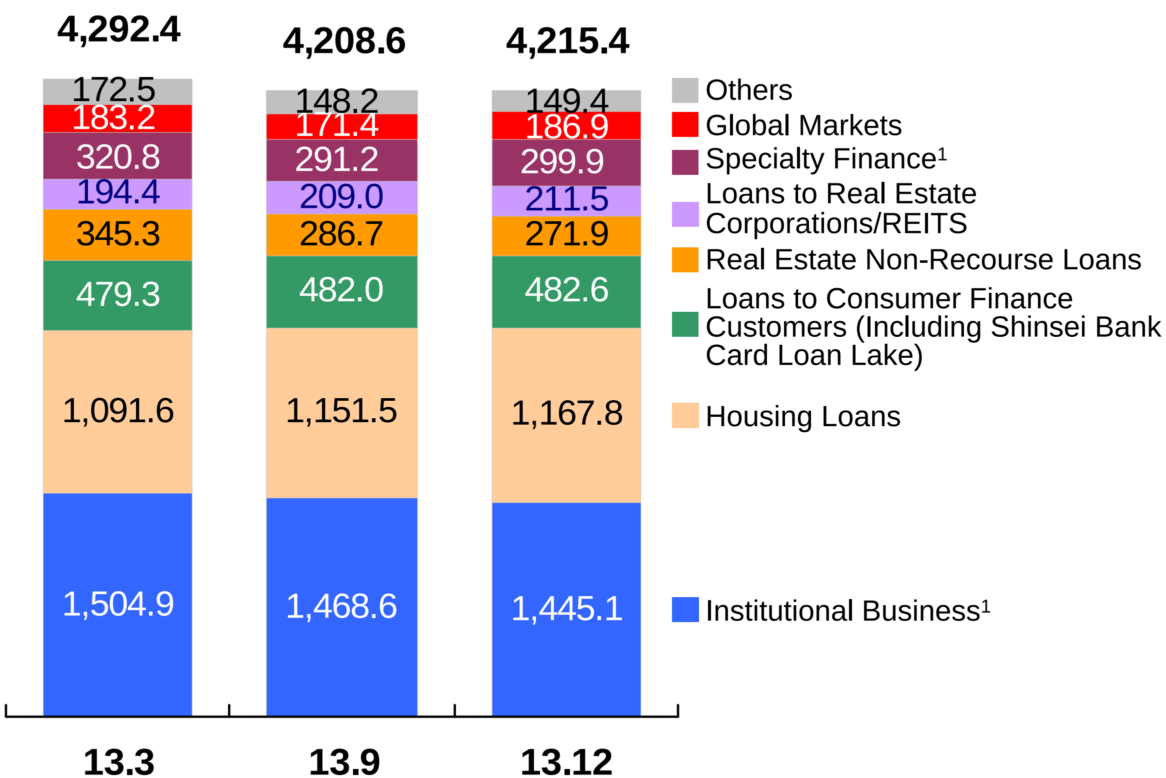


Balance Sheet Overview: Loans, Deposits (Retail/Institutional)

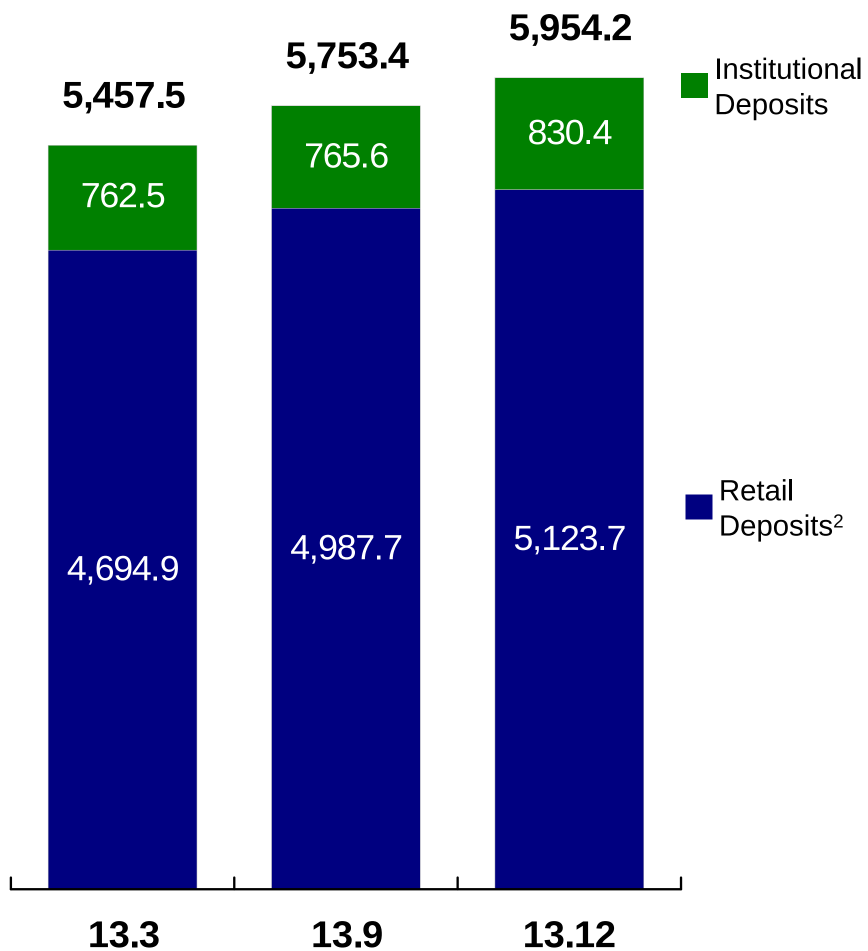
(Consolidated, JPY billion)

- While the quality of assets continued to improve with the disposal of non-performing loans, assets were down on March 31, 2013
- Retail and Institutional deposits both continue to rise with balance at JPY5,954.2 billion at December 31, 2013

Loan Composition



Retail Deposits[2] and Institutional Deposits



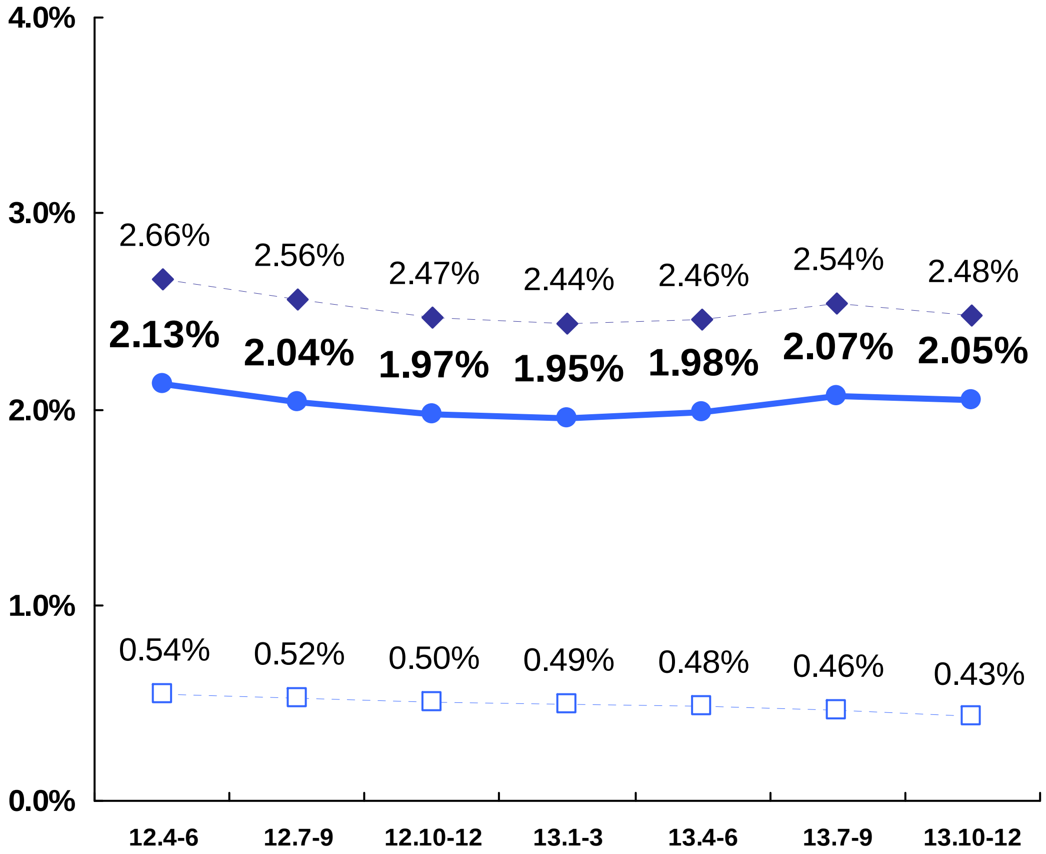
[1] The balance of shipping finance has been moved from the Institutional Business to Specialty Finance as a result of an organizational change on April 1, 2013

[2] A total of JPY202.8 billion of Zaikei debentures were transferred to Zaikei time deposits in April 2013

Net Interest Margin

- Rate on deposits fell to 0.34% due to maturation of past campaign time deposits
- Expect NIM to further improve going forward due mainly to lower funding costs as a result of continued maturation of past campaign time deposits

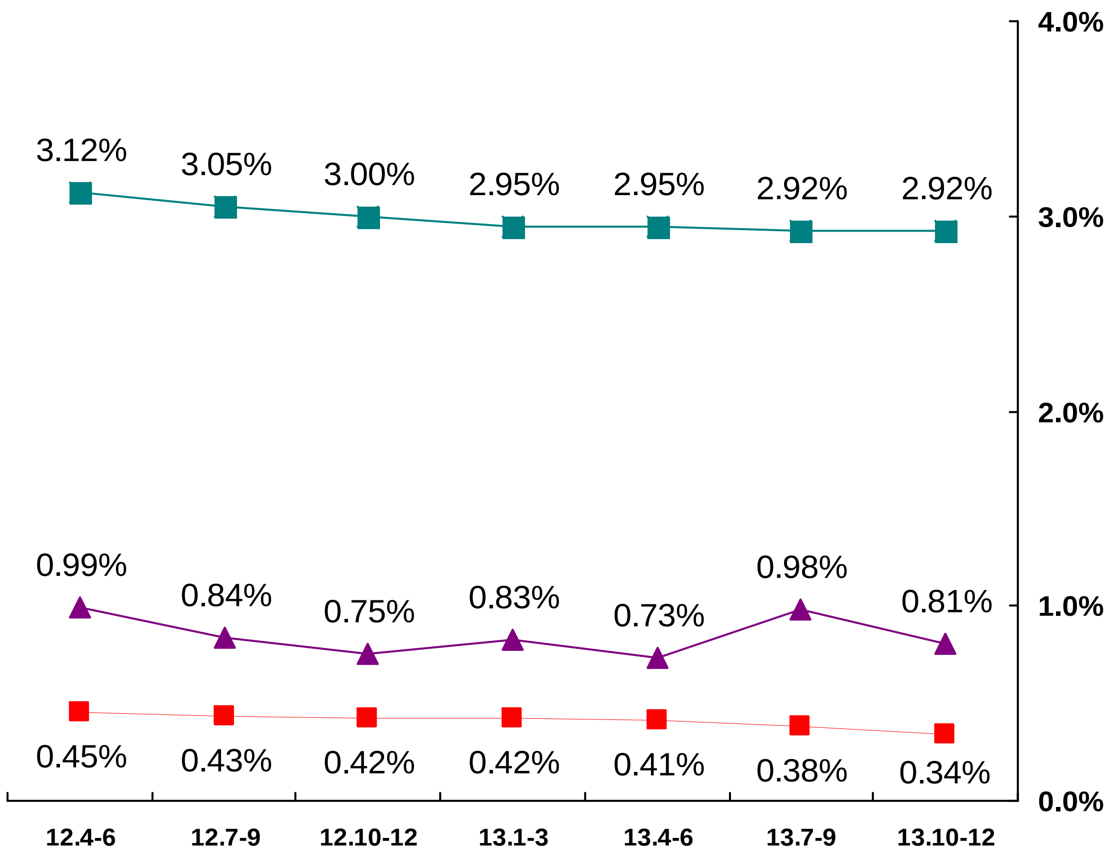
Net Interest Margin[1]



- ◆ Yield on Interest Earning Assets[1]
- ● Net Interest Margin[1]
- □ Rate on Interest Bearing Liabilities

[1] Includes income on leased assets and installment receivables

Yield on Loans and Securities; Rate on Deposits



- ■ Yield on Loans and Bills Discounted
- ▲ Yield on Securities
- ■ Rate on Deposits, Including Negotiable Certificates of Deposit

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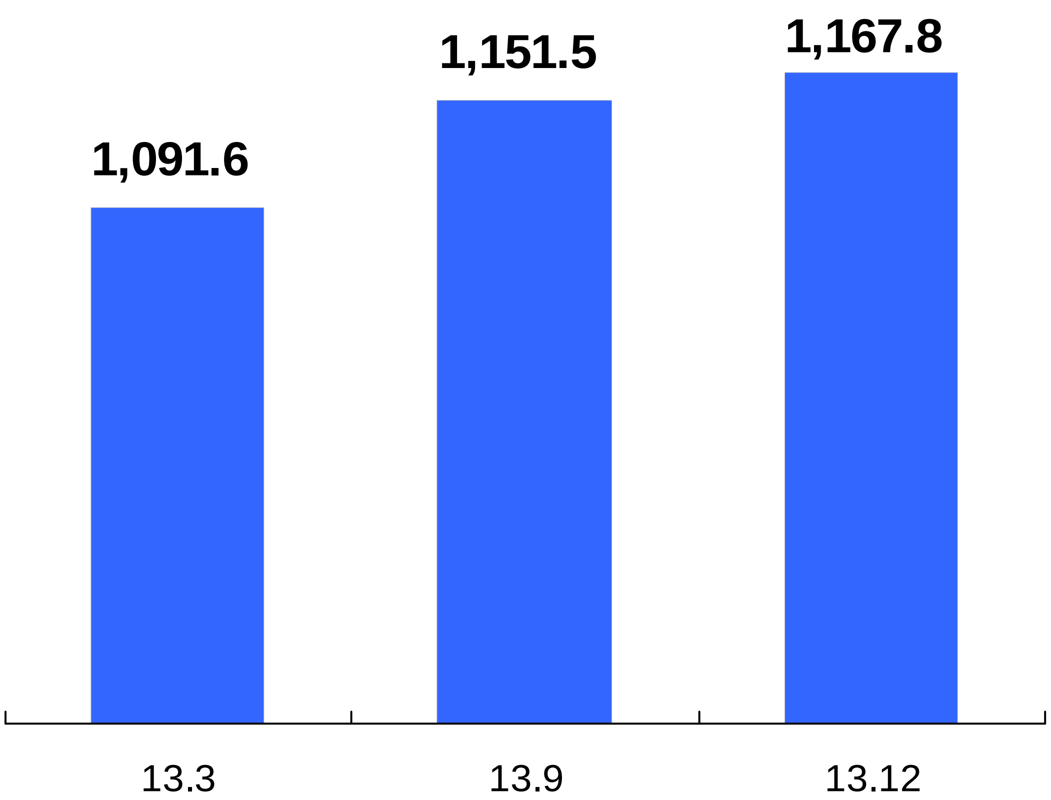
Business: Housing Loans

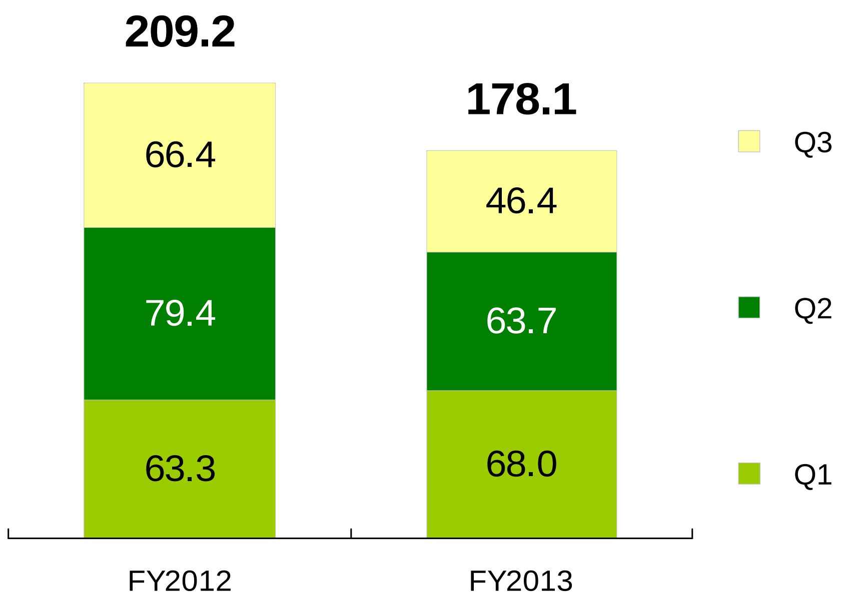
(Consolidated, JPY billion)

- While pace of new disbursements is slowing due to decrease in refinancing needs and limited upfront demand prior to the increase in consumption tax, smaller repayment amounts led to steady rise in the housing loan balance
- Aiming to cultivate new demand by introducing new products and services

Housing Loan Balance



Trend in New Disbursements



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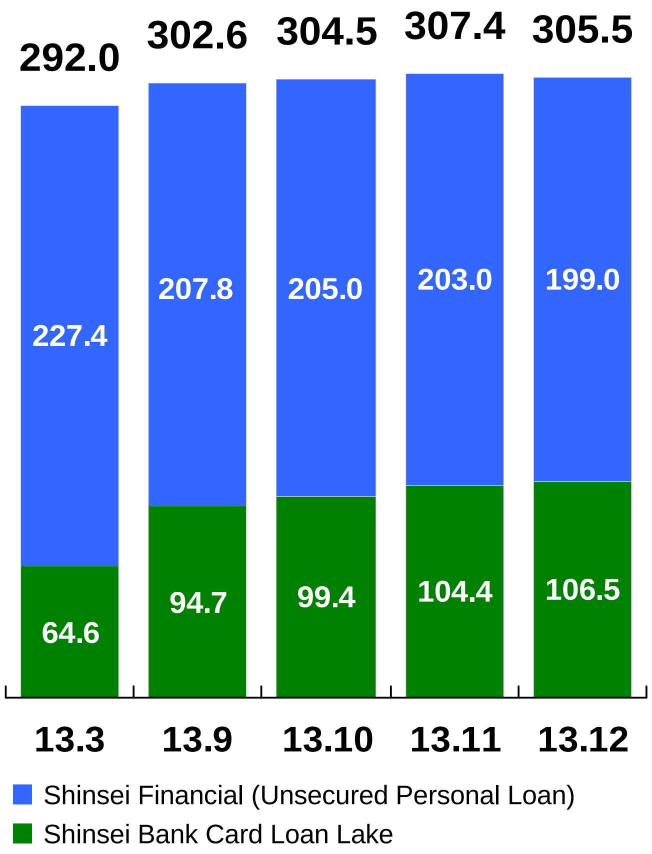
Business: Consumer Finance

(JPY billion)

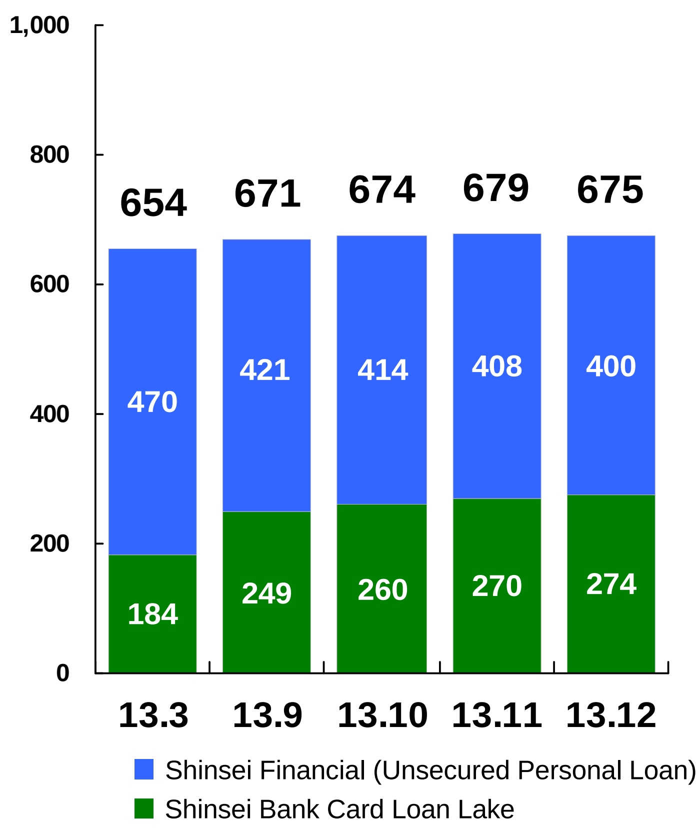
- The combined balance of unsecured personal loans of Lake and Shinsei Financial increased by more than JPY13.0 billion from March 31, 2013 to JPY305.5 billion as of December 31, 2013
- The number of new customers at Lake increased steadily by 13% in the first nine months of this fiscal year compared to the same period of the previous fiscal year

Shinsei Financial and Shinsei Bank Card Loan Lake Consumer Finance Loan Balance



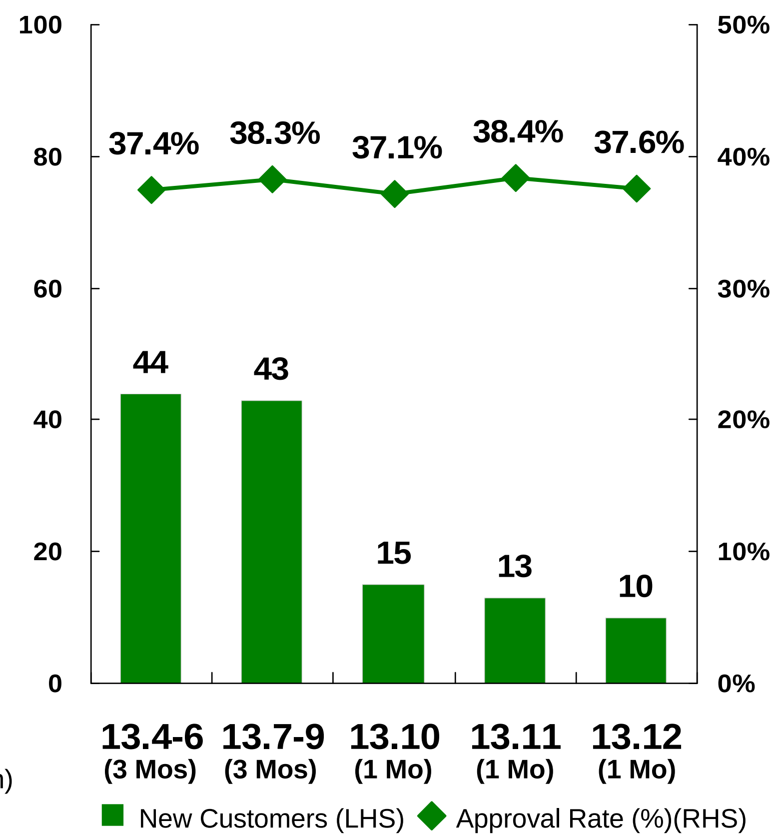
Shinsei Financial and Shinsei Bank Card Loan Lake Customers

(Unit: Thousands)



Trends in Shinsei Bank Card Loan Lake New Customers/Approval Rate

(Unit: Thousands)



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Business: Grey Zone Interest Repayment (Shinsei Financial/SHINKI)

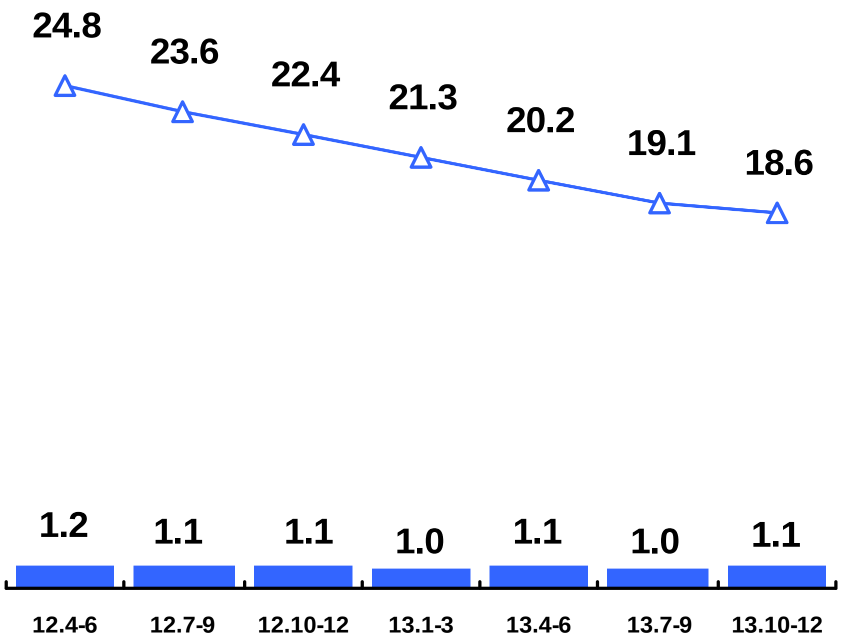
(JPY billion)

- Recalculated necessary grey zone reserves based upon recent grey zone interest repayment trends
- Made additional reserves of JPY 13.6 billion at SHINKI (JPY12.8 billion) and at Shinsei Financial (JPY0.7 billion)

(Unit: Thousands)

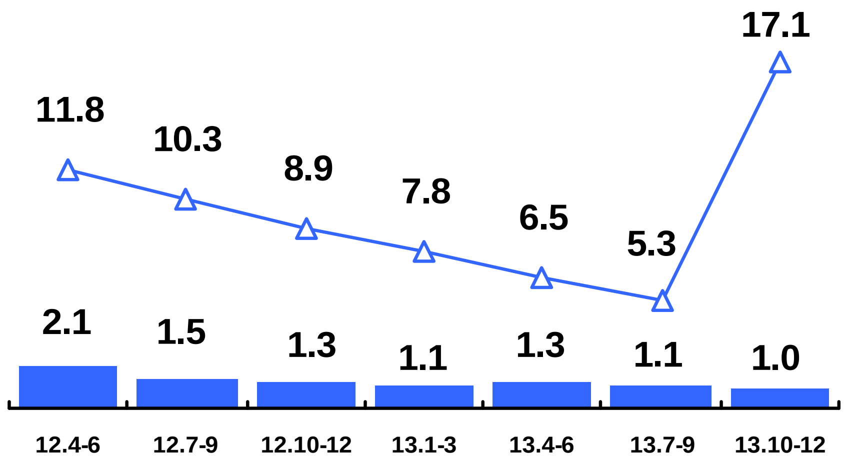
Disclosure Claims	12.4-6	12.7-9	12.10-12	13.1-3	13.4-6	13.7-9	13.10-12
Shinsei Financial	16.6	14.4	14.0	14.2	14.1	12.5	12.9
SHINKI	2.8	2.5	2.5	2.6	2.6	2.3	2.5

Shinsei Financial[1, 2]



Additional Reserves	-	-	-	-	-	-	0.7

SHINKI



Additional Reserves	-	-	-	-	-	-	12.8

△ Reserves for Losses on Interest Repayments ■ Debt Write-off and Interest Repayment Amount

[1] A certain portion of Shinsei Financial's portfolio is covered by a GE indemnity contract. Interest repayment amount is net of refunds subject to the GE indemnification.
[2] Reversals of reserves for losses on interest repayment include reversals of provision of reserves for loan losses

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Business: Grey Zone Interest Repayment (APLUS FINANCIAL)

(JPY billion)

- Grey zone payments down about 40% year-on-year in the first nine months of FY2013
- No additional grey zone reserves were made and will continue to closely monitor trend in grey zone payments

Number of Disclosure Claims

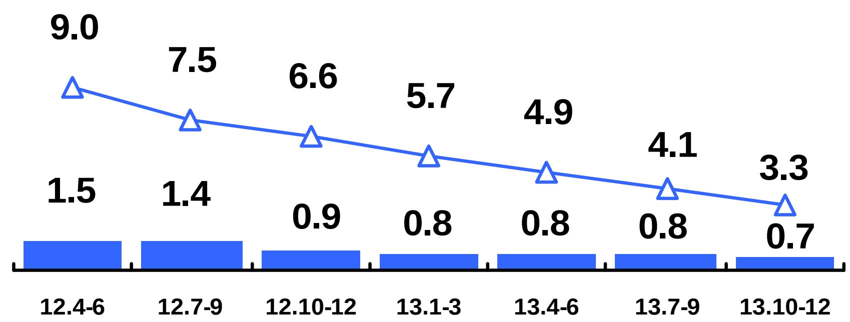
(Unit: Thousands)

	FY2009 (12 mo's)	FY2010 (12 mo's)	FY2011 (12 mo's)	FY2012 (12 mo's)
Disclosure Claims	**09.4-10.3**	**10.4-11.3**	**11.4-12.3**	**12.4-13.3**
APLUS FINANCIAL	20.4	18.3	12.8	10.0

FY2013 (Quarterly Trend)

Disclosure Claims	**13.4-6**	**13.7-9**	**13.10-12**
APLUS FINANCIAL	2.5	2.1	2.3

Reserves for Losses on Interest Repayments and Debt Write-off and Interest Repayment Amount



Additional Reserves	-	-	-	-	-	-	-

△ Reserves for Losses on Interest Repayments
■ Debt Write-off and Interest Repayment Amount

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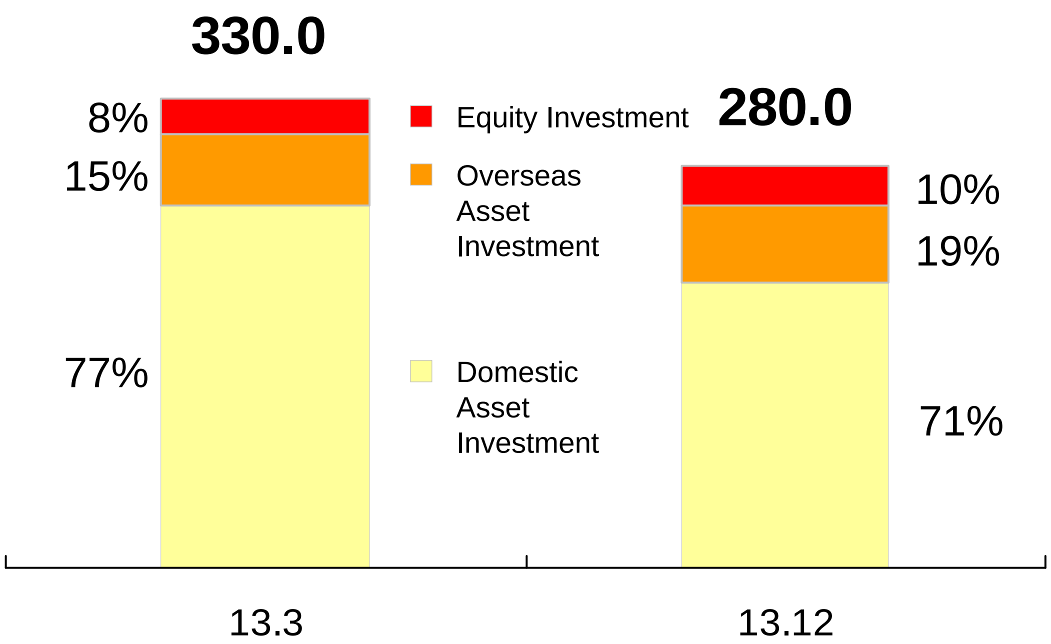
Business: Principal Transactions

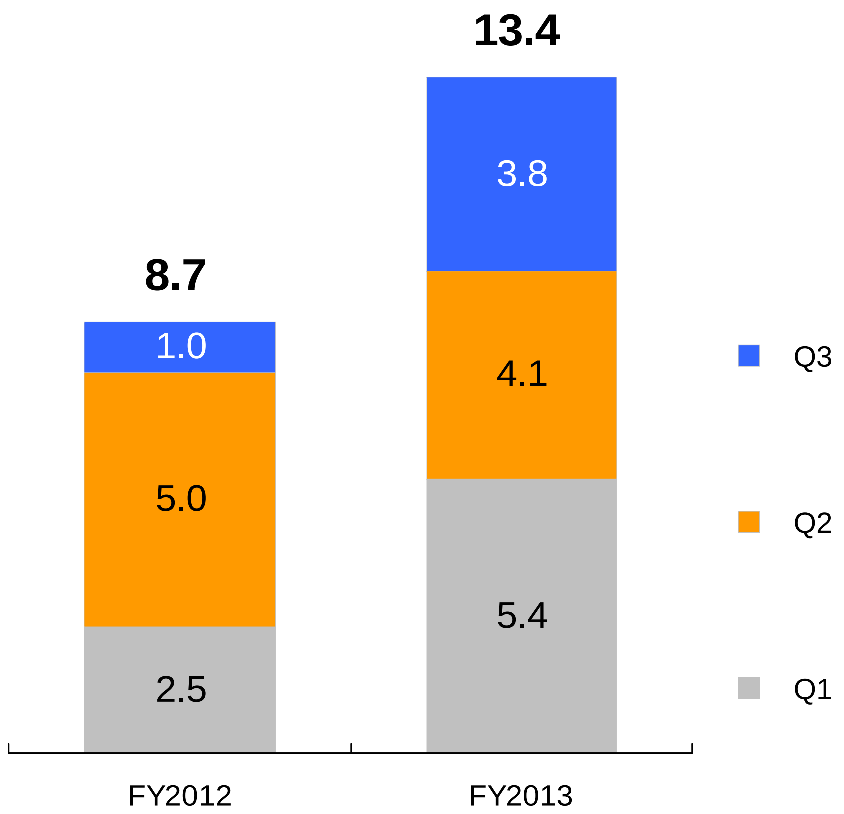
(Consolidated, JPY billion)

- Principal transactions asset balance decreased by JPY50.0 billion vs. March 31, 2013 due to steady collections
- Large increase in revenues from JPY8.7 billion in the first nine months of previous fiscal year to JPY13.4 billion due to increased contribution from domestic credit trading business

Asset Balance



Revenue Trend



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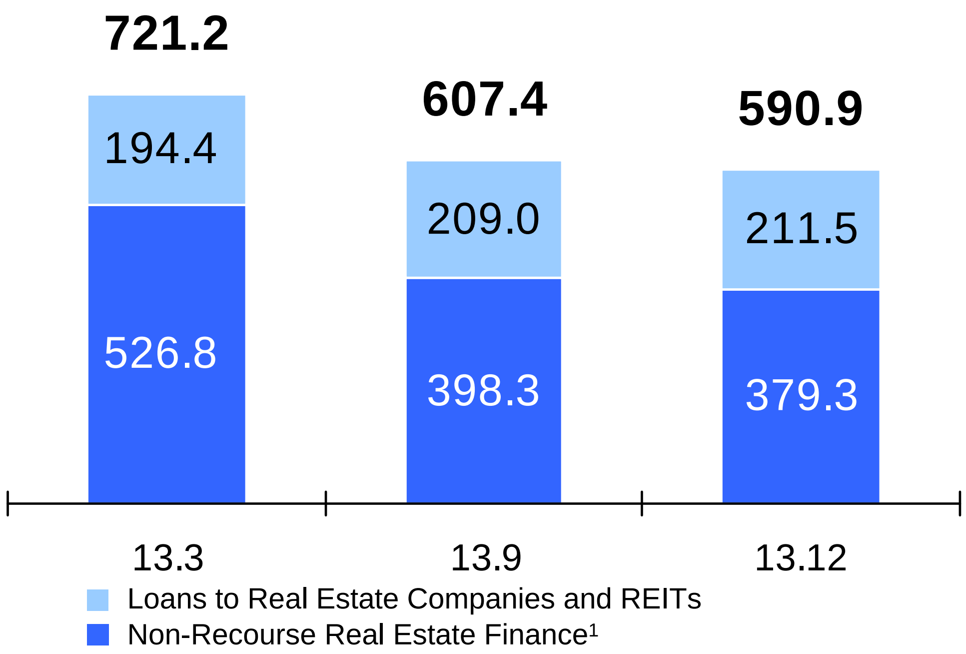
Business: Real Estate Finance

(Consolidated, JPY billion)

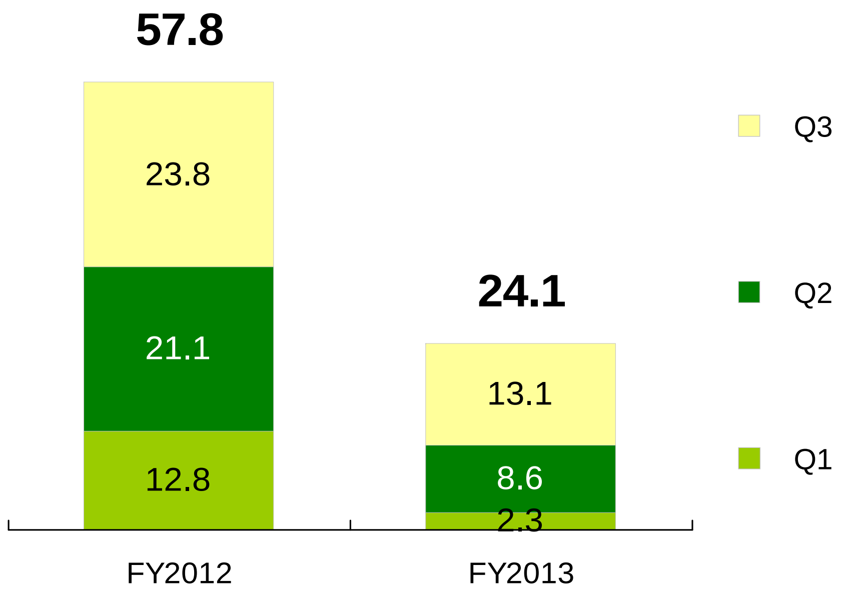
- While a large amount of non-performing loans were disposed of related to real estate non-recourse loan finance, the continued careful execution of new transactions was carried out
- Loans to real estate companies and REITs has risen to JPY211.5 billion as of December 31, 2013, due to a steady trend of new disbursements

Real Estate Finance Balance



[1]Non-recourse real estate finance includes privately issued bonds and purchased money claims

Trend in New Disbursements for Non-Recourse Real Estate Finance



Asset Quality: Non-Performing Loans

(Non-Consolidated, JPY billion)

- NPLs have been reduced by JPY51.2 billion from March 31, 2013 and NPL ratio has improved markedly from 5.32% at March 31, 2013 to 4.49% at December 31, 2013

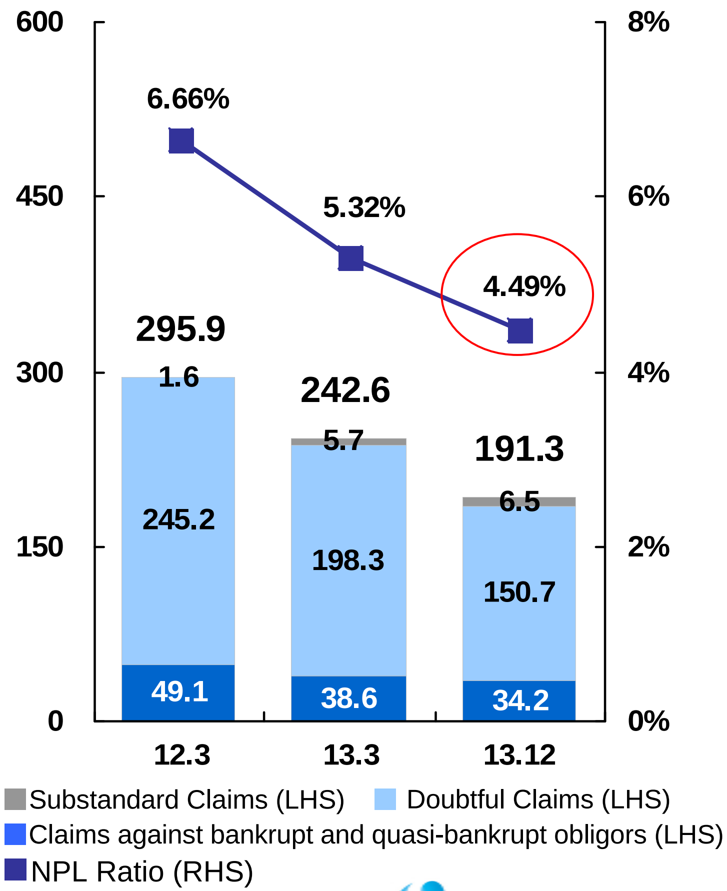
Breakdown of Total Claims and Coverage by Credit Category[1]

(as of December 31, 2013)

	Balance	Reserve for Loan Losses	Collateral/ Guarantees	Coverage Ratio	Partial Write-Off
Normal	3,956.5	19.9			0.1
Need Caution	113.0	7.3			0.2
Performing Loans	4,069.5	27.2			0.2
Substandard/ Possibly Bankrupt	157.2	58.6	90.3	94.7%	0.1
Virtually Bankrupt/ Legally Bankrupt	34.2	0.0	34.2	100.0%	63.4
Non-Performing Loans	191.3	58.6	124.5	95.7%	63.5
Total Claims	**4,260.8**	**85.8**			**63.7**

[1]Coverage of total claims based on Financial Revitalization Law

NPL Amounts and NPL Ratio Based on Financial Revitalization Law

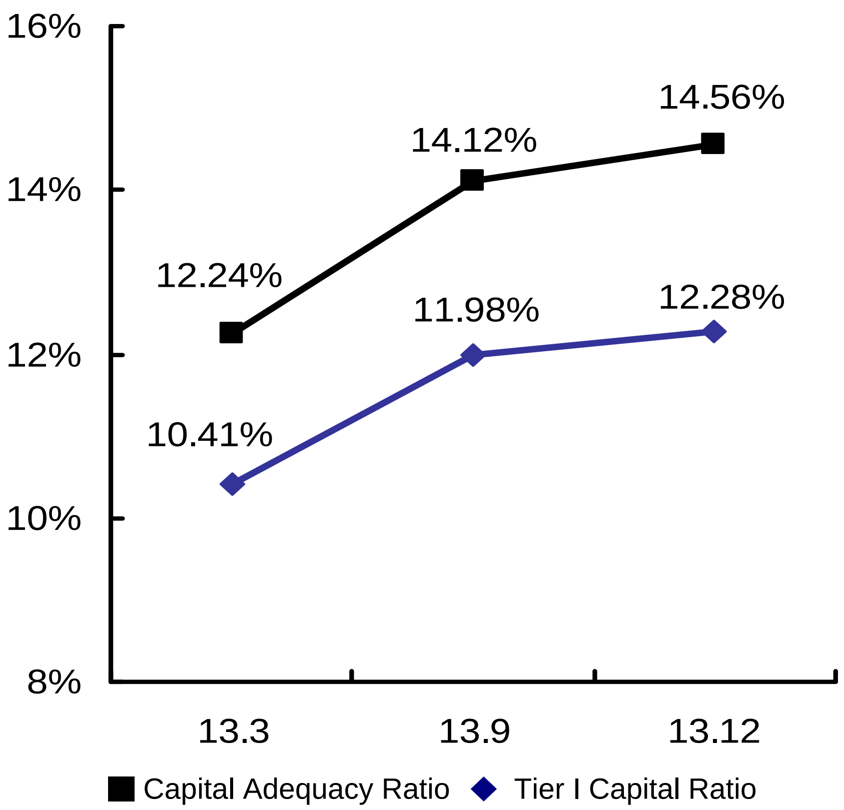


Capital: Capital Adequacy

(Consolidated, JPY billion)

- Basel II capital ratios continue to improve
- Basel III (fully loaded basis) capital ratio continues to be above the level targeted in the Second Medium-Term Management Plan

Trend in Capital Ratios (Basel II)



Capital Composition and Ratio

	2013.3 (Basel II[1])	2013.12 (Basel II[1])	2013.12 (Basel III[2] Estimate)	2016.3 Second MTMP Target (Basel III[2])
Basic Amount (Tier I)	608.8	**659.8**		
Amount Eligible for Inclusion in Capital (Tier II)	178.7	**182.7**		
Deduction	-71.7	**-60.2**		
Total Capital	715.8	**782.3**		
Risk Weighted Assets	5,847.7	**5,370.8**		
Capital Adequacy Ratio	12.24%	**14.56%**		
			Estimate	(Basel III Fully Loaded Basis)
Common Equity Tier I Capital Ratio			**9.3%**	**Approx 7.5%**
Tier I Capital Ratio	10.41%	**12.28%**	**9.3%**	

[1] Reflected stressed VAR of so-called "Basel 2.5"
[2] Estimates have been made by Shinsei Bank on information available at this time

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Appendix

Key Data

(Consolidated, JPY billion)

Balance Sheet

	March 31, 2011	March 31, 2012	March 31, 2013	Dec 31, 2013
Loans	4,291.4	4,136.8	4,292.4	4,215.4
Securities	3,286.3	1,873.4	1,842.3	1,882.6
Lease Receivables and Leased Investment Assets	206.2	197.4	203.5	233.0
Installment Receivables	330.4	347.9	365.8	400.1
Reserve for Credit Losses	-199.2	-180.6	-161.8	-143.0
Total Assets	10,231.5	8,609.6	9,029.3	9,154.2
Deposits and NCDs	5,610.6	5,362.4	5,457.5	5,954.2
Borrowed Money	1,672.7	476.7	719.2	630.0
Corporate Bonds	179.6	168.7	174.2	202.1
Reserves for Losses on Interest Repayments	43.1	50.9	34.9	39.2
Total Liabilities	9,620.3	7,982.0	8,345.6	8,442.4
Shareholders' Equity	574.1	577.9	626.3	651.4
Total Equity	611.1	627.6	683.6	711.8

Financial Ratios

	FY2010	FY2011	FY2012	3Q FY2013
Expense-to-Revenue Ratio	48.9%	63.1%	64.6%	65.4%
Loan-to-Deposit Ratio	76.5%	77.1%	78.7%	70.8%
ROA	0.4%	0.1%	0.6%	0.4%
ROE	8.5%	1.2%	8.6%	5.8%
ROA (Cash Basis)	0.5%	0.2%	0.7%	0.5%
ROE (Cash Basis)	12.4%	3.2%	11.1%	7.6%

Per Share Data (JPY)

	FY2010	FY2011	FY2012	3Q FY2013
Common Equity per Share	205.83	212.67	233.65	243.96
Net Income per Share	21.36	2.42	19.24	10.43
Cash Basis Net Income per Share	26.96	6.05	22.77	12.89

Segment Revenue

(Consolidated, JPY billion)

Revenues: Institutional Group	12.4-6	12.7-9	12.10-12	13.1-3	13.4-6	13.7-9	13.10-12	14.1-3
Institutional Business Sub-Group[1]	3.2	3.2	3.2	4.2	3.2	3.5	2.7	
Structured Finance Sub Group[1]	5.7	4.7	4.9	5.9	6.7	6.0	6.1	
Principal Transactions Sub Group	2.5	5.0	1.0	2.6	5.4	4.1	3.8	
Showa Lease	3.0	3.2	3.4	4.2	3.3	3.4	3.3	
Others	0.5	-0.2	-0.5	-3.8	0.0	-0.1	0.4	
Institutional Group Total	15.2	16.2	12.1	13.2	18.8	17.1	16.5	

Revenues: Global Markets Group	12.4-6	12.7-9	12.10-12	13.1-3	13.4-6	13.7-9	13.10-12	14.1-3
Financial Institutions Sub-Group	1.7	0.6	0.8	1.2	0.9	0.7	0.8	
Markets Sub-Group	2.2	1.7	0.9	2.1	1.3	0.6	1.3	
Others	0.5	0.5	0.7	0.6	0.7	0.6	0.7	
Global Markets Group Total	4.5	3.0	2.5	4.1	3.1	2.1	2.9	

Revenues: Individual Group	12.4-6	12.7-9	12.10-12	13.1-3	13.4-6	13.7-9	13.10-12	14.1-3
Retail Banking	8.4	8.2	7.8	8.5	8.7	8.0	7.9	
Shinsei Financial and Shinsei Bank Card Loan Lake	9.7	9.3	9.4	9.0	9.2	9.6	11.1	
SHINKI	1.6	1.5	1.5	1.4	1.5	1.5	1.5	
APLUS Financial	11.6	11.8	12.1	12.0	11.6	11.7	12.2	
Others	0.4	0.3	0.4	0.3	0.4	0.4	0.4	
Individual Group Total	31.9	31.4	31.4	31.6	31.6	31.3	33.4	

[1] The balance of shipping finance has been moved from the Institutional Business to Specialty Finance as a result of an organizational change on April 1, 2013

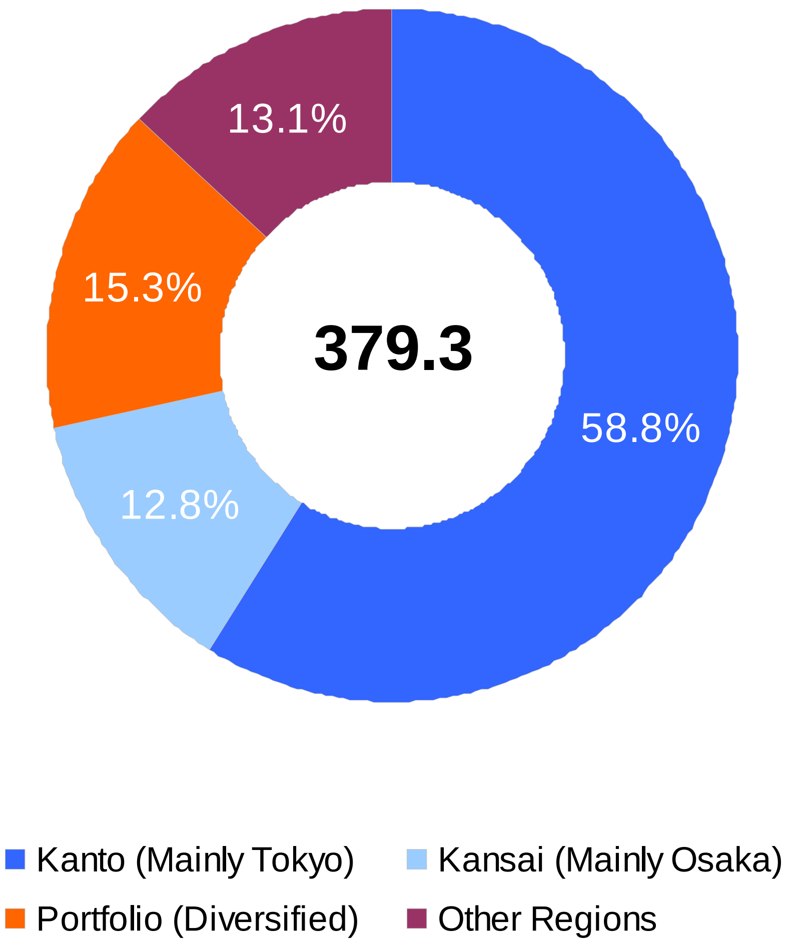
SHINSEI BANK

Real Estate Non-Recourse Finance: By Region/Asset Category

(Consolidated, JPY billion)

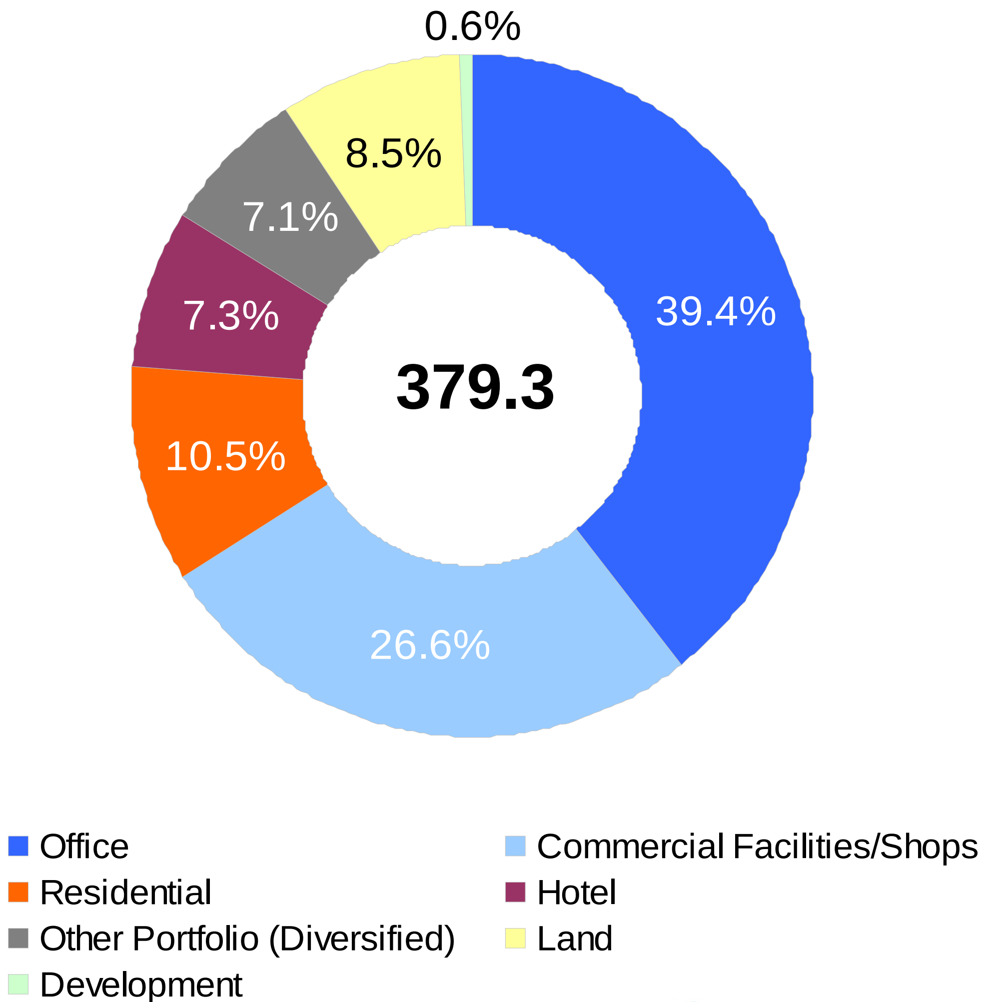
Breakdown by Region

(as of Dec 31, 2013)



Breakdown by Asset Category

(as of Dec 31, 2013)



SHINSEI BANK

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- The above description of Shinsei's medium-term plan contains forward-looking statements regarding the intent, belief and current expectations of our management with respect to our financial condition and future results of operations. These statements reflect our current views with respect to future events that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate. Potential risks include those described in our annual securities report filed with the Kanto Local Finance Bureau, and you are cautioned not to place undue reliance on forward-looking statements.

- Unless otherwise noted, the financial data contained in these materials are presented under Japanese GAAP. The Company disclaims any obligation to update or to announce any revision to forward-looking statements to reflect future events or developments. Unless otherwise specified, all the financials are shown on a consolidated basis.

- Information concerning financial institutions other than the Company and its subsidiaries are based on publicly available information.

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